

**Meeting of the  
Board of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, Virginia**

**September 9, 2003**

**DRAFT Minutes**

**Present:**

Rose C. Chu  
Phyllis L. Cothran (by phone)  
Terone B. Green  
Manikoth G. Kurup, M.D.  
Elmer E. Neil, M.D. (Chair)  
James T. Parmelee  
H. Scott Seal  
Robert D. Voogt, Ph.D.  
Dorn V. Williams, Sr.

**Absent:**

Joseph Green  
Marc Wheat

**DMAS Staff:**

Partick W. Finnerty, Director  
Cynthia Jones, Chief Deputy Director  
Manju Ganeriwala, Deputy Director of  
Finance & Administration  
Cheryl J. Roberts, Deputy Director of Operations  
Michael Jay, Director of Budget  
Alan MacDonald, Director of Information Management  
Paige Fitzgerald, Counsel to the Board  
Craig Markva, Acting Director of the Office of  
Communications and Legislative Affairs  
Nancy Malczewski, Board Liaison  
Jim Rogers, Systems Development Manager  
John Hammack, VP of First Health Services  
Sylvia Hart, Affiliated Computer Services

**Guests:**

Patrick Bairo, Novo Nordisk  
Marilyn Cooper, Medical Transportation Mgt.  
Hobart Harvey, VHCA  
Jim Kibler, LeClair Ryan  
Frederick H. Marsh, Medical Transportation Mgt.  
Vickie Quedley, Medical Transportation Mgt.  
Stacey Poole, TAP  
John Shermyen, LogistiCare  
Freda Smith, LogistiCare

**Call to Order**

Dr. Elmer Neil, Chairman of the Board, called the meeting to order at 10:00 a.m. and asked everyone to introduce themselves starting with Board Members, then DMAS staff and visitors. Patrick Finnerty, DMAS Director, gave a brief overview of the agenda.

**Approval of Minutes from May 13, 2003 Meeting**

Dr. Neil asked for a motion to review and approve the Minutes of the May 13, 2003, meeting. Mr. T. Green made the motion to accept the Minutes and Mr. Parmelee seconded. The vote was **9-yes (Chu, Cothran, T. Green, Kurup, Neil, Parmelee, Seal, Voogt, and Williams); 0- no.**

### **Chairman's Comments**

Dr. Neil noted that discussion had occurred at the May 13 Board Meeting regarding Board of Medical Assistance Services' (BMAS) attendance at agency stakeholder meetings. Paige Fitzgerald, Counsel to the Board, had drafted an amendment that had been sent to the members of the Board prior to today's meeting.

There was discussion that BMAS members were always welcome to attend these meetings and most Board Members were in agreement that they would like to attend agency stakeholder meetings. They thanked Nancy Malczewski, Board Liaison, for keeping them apprised by providing the stakeholder meeting information and meeting dates.

Ms. Fitzgerald reminded the members that the Board would have to vote on this amendment at the next meeting (scheduled for December 9, 2003).

Dr. Neil then turned the meeting over to Ms. Jones for her presentation.

### **Preferred Drug List Update**

Ms. Cynthia Jones, Chief Deputy Director, gave the update on the development of a Medicaid Preferred Drug List (PDL) program. The PDL program is required by the 2003 Appropriations Act to be implemented no later than January 2004. Ms. Jones noted that the Pharmacy & Therapeutics (P&T) Committee will play a critical role in the PDL by recommending which classes of drugs will be subject to the PDL and prior authorizations.

The PDL Implementation Advisory Committee has been established to provide advice to the agency regarding implementation of the PDL program, provider and consumer education, and the prior authorization procedures. The first meeting of this group is scheduled for September 11, 2003, everyone was invited to come.

DMAS staff continues to meet with groups to get their input into the development of the program. DMAS continues to inform the public by putting everything on its website.

Ms. Jones asked Dr. Kurup for his comments since he attends the PDL meetings. Dr. Kurup noted that Secretary Woods, the Administration and the P&T Committee are to be commended. They are very involved in this process and making the PDL a priority. He noted that DMAS is trying to learn from other states, and not make the same mistakes.

There was further discussion. Then Dr. Neil noted that the Board members are welcome to attend and participate in the P&T Committee and PDL Implementation Advisory Group meetings.

### **Medicaid Management Information System**

Mr. Alan MacDonald, Director of Information Management, gave an update on the Medicaid Management Information System (MMIS) which came on-line in June 2003 and DMAS' compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). He noted that Virginia was one of three states in the nation that is HIPAA compliant.

Mr. MacDonald noted that the start-up of every program has successes and problems, and he noted both. The system was heavily tested, and over 4,900 error reports were written prior to implementation. However, errors still occurred. System errors are documented by DMAS and sent to First Health Services (FHS). Out of 522 problem reports written to date, 345 have been corrected by FHS since implementation. DMAS has continued to educate the provider community about the new MMIS—over 3,030 providers registered to attend the statewide video teleconference. DMAS is working as quickly as possible to correct errors the providers have brought to DMAS' attention—the biggest problem is the prior authorization process.

Mr. McDonald also noted that prior to the implementation of the system, the Department of Social Services (DSS) computer system known as ADAPT and DMAS' system were not compatible. By the efforts of key DMAS, DSS and FHS people, a catastrophic situation was avoided by having FHS staff a team that made changes to the DMAS and the DSS systems. This effort took over eight months.

DMAS updates its website daily which makes it a better vehicle for communication. DMAS will continue to support non-HIPAA compliant electronic transactions until December 31, 2003.

In closing, Mr. MacDonald noted that it takes a minimum of six to nine months before the Centers for Medicare and Medicaid Services (CMS) will provide certification of the new system. CMS representatives will meet with DMAS staff to ensure DMAS is focusing on the appropriate areas of interest. DMAS staff has also met with Delaware Medicaid (which has recently completed CMS certification) for lessons learned.

Mr. Finnerty noted this accomplishment was an agency accomplishment, not just the Information Management Division. More than 100 DMAS staff, with various areas of expertise, were involved to make this a success.

A question was raised as to when the new permanent plastic magnetic swipe cards were sent to enrollees. It was pointed out that new cards are sent to new enrollees on a daily basis. During the week of July 7, 2003, a mass mailing was sent to all existing enrollees. There was some confusion in that some enrollees disposed of their HMO cards, however, this has been resolved.

### **Additional Federal Funds for Medicaid/FAMIS**

Ms. Manju Ganeriwala, Deputy Director of Finance and Administration, was happy to present positive news—fiscal relief. Money from the U.S. Department of Treasury will be sent to states: 1) “grants” which are not health related, and 2) an increase in the federal matching “FMAP” rate. The Governor will determine its distribution with approval from the General Assembly.

Ms. Ganeriwala explained the legislation, how the FMAP rate is calculated, and the relief to states. She was questioned about the Virginia “match” rate (which is close to 50 percent) and if states really received 80 percent (poorer states like Mississippi have that rate).

Ms. Ganeriwala explained the State Children’s Health Insurance Plan (S-CHIP) allotment—how it was distributed to states, why there were unspent allotments, and the return of funds to the federal government by Virginia versus other states.

### **Transportation**

Mr. Patrick Finnerty, DMAS Director, noted that Board Members had requested the update on transportation. He gave the background history on the upward spiraling costs, why the brokerage program was implemented, and how the program works. He noted that 242,000 Medicaid Fee-For-Service clients were eligible for non-emergency transportation (NET) to Medicaid covered services, and that clients enrolled in Medicaid Health Maintenance Organizations (HMO) were handled separately. He noted the incredible amount of fraud in the system prior to the brokerage program and noted the cost has been contained since the inception of the program. The program started with two brokers, and due to numerous problems, the contract with DynTek was canceled by mutual agreement.

Mr. Williams noted that DynTek still owes his company \$35,000. Mr. Finnerty explained the process of working with the Office of the Attorney General (OAG). Providers who were still awaiting payment have been told to file a claim with the bond company, and that a judicial court is determining distribution of funds. The Director assured the Board that DMAS and OAG staff continue to work with DynTek urging final payment of sums due to all providers.

Mr. Finnerty noted that LogistiCare only had five (5) days to take over serving the entire Commonwealth. He noted that any program start-up has some problems, but the number of complaints now represents less than one-half of one percent of the total number of rides. The Medicaid Transportation Advisory Committee (MTAC) was created to identify and correct problems. The MTAC met monthly but now meets every other month. LogistiCare has established regional offices to handle problems immediately in local areas.

There was discussion on stretcher vans and the average cost of transporting Medicaid clients. John Shermyen, President and CEO of LogistiCare, fielded some transportation questions and then talked about the 120 Virginia LogistiCare employees in the seven regions of the state. Freda Smith, LogistiCare Operations Director of Virginia, also spoke of the local contacts through all the regional offices to communicate effectively with the clients and expedite the correction of any problems.

## **OLD BUSINESS**

### **Regulatory Activity Summary**

Mr. T. Green asked about 2003 General Assembly regulations regarding school services. The Director said he would provide additional information, including a copy of the letter that went out to all schools. Mr. Finnerty also noted that Mr. T. Green was instrumental in assisting DMAS and Richmond City Schools come to agreement on billing for school-based services.

### **New Business**

Mr. Finnerty noted that there had been requests to have a retreat off-site. There was much discussion on the location. Proposed speakers included Governor Warner, Secretary Woods, a member of the Joint Commission on Health Care, or a national healthcare speaker. Potential retreat topics included: direction of the state Medicaid program, challenges to the Medicaid system, other health care approaches (thinking out of the box), and legislative preview. There was agreement that an off-site retreat was desired beginning with a dinner on Monday, December 8, and the Board Meeting to begin the morning of December 9, 2003. DMAS staff would attempt to get the requested speakers which may determine the location of the meeting.

### **Public Comment**

Dr. Neil asked if there was any public comment. No one had signed up for public comment, and none of the guests had asked to speak.

### **Adjournment**

Dr. Neil asked if there were any other questions or issues to come before the Board. Mr. T. Green motioned to adjourn. Mr. Williams seconded. The meeting adjourned at 12:20 p.m.